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RUEHFK/AMCONSUL FUKUOKA 6850  
RUEHOK/AMCONSUL OSAKA KOBE 0517  
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UNCLAS SECTION 01 OF 11 TOKYO 000823

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ARTICLES:

- (1) Poll on Fukuda cabinet, political parties

YOMIURI (Page 13) (Full)

March 24, 2008

Questions & Answers  
(Some portions already reported)

Q: Do you support the Fukuda cabinet?

Yes 33.9

No 54.0

Other answers (O/A) 2.6

No answer (N/A) 9.5

Q: (Only for those who answered "yes" to the foregoing question)  
Give up to two reasons for your approval of the Fukuda cabinet.

I can appreciate its political stance 25.6

It's stable 28.4

The prime minister is trustworthy 27.9

Something can be expected of its economic policy 4.8

Something can be expected of its foreign policy 5.8

Because it's a coalition of the Liberal Democratic Party and New  
Komeito 12.4

Because the prime minister is from the LDP 30.5

It's better than its predecessors 12.2

O/A+N/A 5.9

Q: (Only for those who answered "no" to the foregoing question) Give  
up to two reasons for your disapproval of the Fukuda cabinet.

I can't appreciate its political stance 47.8

It's unstable 26.8

The prime minister is untrustworthy 23.4

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Nothing can be expected of its economic policy 37.9

Nothing can be expected of its foreign policy 8.6

Because it's a coalition of the Liberal Democratic Party and New  
Komeito 8.8

Because the prime minister is from the LDP 4.9

It's worse than its predecessors 8.1

O/A+N/A 3.0

Q: What issues do you want the Fukuda cabinet to pursue on a  
priority basis? Pick as many as you like from among those listed  
below, if any.

Economic, employment measures 53.9

Fiscal reconstruction 24.5

Tax reform, consumption tax 32.1

Social security reform, including pension and healthcare systems  
58.1

Low birthrate countermeasures, including childcare support 27.4

Education reform 18.6

Social divide, including income gaps 22.1

Administrative reform, including public service personnel cuts 19.7

Politics and money issues 30.2

Asia diplomacy, including China and South Korea 12.5

North Korea 17.9

Defense, security 11.6

Constitutional revision 4.8

Crisis management, including disaster prevention 8.4

Public security, crime prevention 16.9

Environmental protection 22.7

Food safety 37.1

O/A + nothing in particular + N/A 3.7

Q: Which political party do you support now? Pick only one.

Liberal Democratic Party (LDP) 33.1

Democratic Party of Japan (DPJ or Minshuto) 17.6

New Komeito (NK) 2.7

Japanese Communist Party (JCP) 2.5

Social Democratic Party (SDP or Shaminto) 1.1

People's New Party (PNP or Kokumin Shinto) 0.3

New Party Nippon (NPN or Shinto Nippon) 0.1

Other political parties ---  
None 41.9  
N/A 0.7

Q: When would you like the House of Representatives to be dissolved for a general election? Pick only one from among those listed below.

As early as possible 22.2  
After this July's G-8 summit 22.5  
Within this year 22.0  
Sometime during the current term up until September 2009 24.7  
N/A 8.6

Q: What kind of government would you like to see now? Pick only one.

The current LDP-Komeito coalition government 22.1  
A DPJ-led coalition government of opposition parties 16.1  
The LDP's single-party government 7.2  
The DPJ's single-party government 4.9

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A coalition government centering on the LDP and the DPJ 20.7  
A government under a new framework of political parties after realigning the ruling and opposition parties 15.3  
O/A 0.4  
N/A 13.2

Q: Prime Minister Fukuda has now been in office for nearly a half year. What do you think about Prime Minister Fukuda's own and his cabinet's performance?

Appreciate very much 4.9  
Appreciate somewhat 28.6  
Don't appreciate very much 41.7  
Don't appreciate at all 21.8  
N/A 3.0

Q: Is there anything you can appreciate about Prime Minister Fukuda or his cabinet? If any, pick as many as you like from among those listed below.

Resumption of the Maritime Self-Defense Force's refueling mission in the Indian Ocean 11.8  
Blanket relief for all hepatitis C virus victims 49.9  
Setting up of social security panel 3.5  
Response to pension record-keeping flaws 17.5  
Appointment of state minister for consumer affairs and setting up of consumer administration panel 3.3  
Response to Chinese-made frozen gyoza dumpling incidents 8.6  
Response to stock market, other economic conditions 1.6  
Response to Aegis accident 5.3  
Diplomacy toward U.S. 3.9  
Diplomacy toward China, South Korea 10.4  
Global warming 11.5  
O/A 0.2  
Nothing 27.1  
N/A 4.5

Q: Do you know well about Prime Minister Fukuda's political approach?

Yes 8.8  
No 88.7  
N/A 2.5

Q: Do you think Prime Minister Fukuda is steady in his job performance?

Yes 43.2  
No 47.8  
N/A 9.0

Q: If there is anyone you appreciate in the Fukuda cabinet for that person's job performance? If any, pick as many as you like from among those listed below.

Internal Affairs & Communications Minister Masuda 3.6  
Justice Minister Hatoyama 4.3  
Foreign Minister Koumura 6.0  
Finance Minister Nukaga 1.6  
Education, Culture, Sports, Science & Technology Minister Tokai 1.2

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Health, Labor & Welfare Minister Masuzoe 51.4  
Agriculture, Forestry & Fisheries Minister Wakabayashi 0.7  
Economy, Trade & Industry Minister Amari 1.2  
Land, Infrastructure & Transport Minister Fuyushiba 4.1  
Environment Minister Kamoshita 2.1  
Defense Minister Ishiba 13.5  
Chief Cabinet Secretary Machimura 8.6  
National Public Safety Commission Chairman Izumi 0.4  
Okinawa Affairs Minister Kishida 0.8  
Financial Services Minister Watanabe 11.5  
Economic & Fiscal Policy Minister Ota 3.6  
Declining Birthrate Minister Kamikawa 1.6  
None + N/A 35.8

Q: How long would you like the Fukuda cabinet to continue? Pick only one from among those listed.

As long as possible 12.8  
2 or 3 years 14.4  
1 year or so 22.7  
About a half year 18.6  
Quit as early as possible 25.3  
O/A 0.3  
N/A 5.9

Q: What do you think about DPJ President Ozawa's job performance as his party's representative?

Appreciate very much 4.3  
Appreciate somewhat 25.1  
Don't appreciate very much 42.0  
Don't appreciate at all 23.0  
N/A 5.7

Q: Who do you think is most appropriate in the Diet for prime minister? Pick only one from among those listed below.

Taro Aso 21.2  
Shinzo Abe 1.2  
Nobuteru Ishihara 1.8  
Akihiro Ota 0.5  
Katsuya Okada 2.1  
Ichiro Ozawa 5.3  
Naoto Kan 3.4  
Yuriko Koike 1.3  
Junichiro Koizumi 16.1  
Sadakazu Tanigaki 1.7  
Shoichi Nakagawa 0.3  
Fukushiro Nukaga 0.2  
Yukio Hatoyama 0.9  
Yasuo Fukuda 4.0  
Seiji Maehara 0.8  
Yoichi Masuzoe 3.2  
Nobutaka Machimura 0.9  
Kaoru Yosano 0.3  
Others 0.5  
None 24.9  
N/A 9.5

Polling methodology

Date of survey: Mar. 15-16.

Subjects of survey: 3,000 persons chosen from among all eligible

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voters throughout the country (at 250 locations on a stratified two-stage random-sampling basis).

Method of implementation: Door-to-door visits for face-to-face interviews.

Number of valid respondents: 1,786 persons (59.5 PERCENT )

Breakdown of respondents: Male-46 PERCENT , female-54 PERCENT ; persons in their 20s-9 PERCENT , 30s-14 PERCENT , 40s-15 PERCENT , 50s-21 PERCENT , 60s-23 PERCENT , 70 and over-18 PERCENT ; big cities (Tokyo's 23 wards and government-designated cities)-22 PERCENT , major cities (with a population of more than 300,000)-19 PERCENT , medium-size cities (with a population of more than 100,000)-24 PERCENT , small cities (with a population of less than 100,000)-24 PERCENT , towns and villages-11 PERCENT .

(2) Fukuda government to mark six months tomorrow since coming into office; Prone to making mistakes and lacking cohesiveness, but ready to take the offensive

MAINICHI (Page 5) (Full)  
March 25, 2008

The government of Prime Minister Yasuo Fukuda will mark six months tomorrow since it came into office. It has found managing the divided Diet fraught with many difficulties, and it has been forced to waver back and forth in selecting its nominee for a new governor of the Bank of Japan. Meanwhile, the cabinet support rate has continued to slide. Legislation amending the Special Taxation Measures Law, aimed at retaining the current provisional tax for gasoline and road-related taxes, has been left pending in the Diet.

Failure in formation of grand alliance

Fukuda assumed the prime minister's post on Sept. 26 last year following the sudden resignation of then Prime Minister Shinzo Abe. The Fukuda government was launched, facing a House of Councillors that was controlled by the opposition camp. This was the reason why Fukuda named his government the "back to the wall" cabinet. At that time, Fukuda showed determination by saying: "If the cabinet makes even a small mistake (in its judgment), the Liberal Democratic Party will lose the reins of government." Even before assuming the prime minister's post, Fukuda looked into the possibility of forming a grand alliance between the LDP and the Democratic Party of Japan, the largest opposition force. After taking office, through two face-to-face meetings, Fukuda built a relationship of trust with DPJ President Ichiro Ozawa, who was then positive about such discussion with the government and ruling coalition. However, meeting with strong opposition from many DPJ lawmakers, Ozawa had to give up on the grand alliance idea.

Criticizes DPJ's response

Using the Constitution's provision that states if the Upper House rejects a bill, it still can be passed by a two-thirds Lower House overriding vote, Fukuda enacted the new anti-terrorism measures law to continue the Maritime Self-Defense Force's refueling operation in the Indian Ocean. However, the DPJ was able to threaten to undermine the Fukuda government by using such issues as missing pension payment records and the collision between an MSDF Aegis destroyer and a fishing boat.

When his nominee for Bank of Japan governor, then Deputy Gov. Toshiro Muto, was rejected by the DPJ, Fukuda picked as a next

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choice Koji Tanami, a former vice finance minister. But his nomination, too, was rejected by the opposition camp. As it stands, the top post at the central bank has been left vacant for the first time in the postwar period. As a result, Fukuda's hold over the party is beginning to unravel.

Despite this, the Prime Minister's Official Residence (Kantei) has

taken the offensive. A source in the government asserted: "The prime minister has not made any significant mistakes." Fukuda indeed believes that he did not err in his choice of candidates for the new BOJ governor. His stubborn disposition has reappeared, and he told aides: "The DPJ's rejection of the government's plan has damaged Japan's interests." A senior Machimura faction member spoke for Fukuda: "I have lost my trust in Mr. Ozawa."

(3) Prime Minister Fukuda finds himself in fix over six months, with DPJ refusing "grand coalition" proposal, nominations for BOJ top posts

ASAHI (Page 4) (Full)  
March 25, 2008

During the past six months since Yasuo Fukuda assumed office, the prime minister has devoted himself to trying to build a relationship with the Democratic Party of Japan (DPJ) led by President Ozawa under conditions in which the opposition bloc has control over the House of Councillors. For Fukuda, it was a continuing trial and error process. He even kept alive a kind of "hotline" to Ozawa even after a "grand alliance" scheme between the two misfired. But the hotline did not work when Fukuda nominated a candidate to head the Bank of Japan (BOJ). And on the issue of the legislation to continue the provisional gasoline tax rate, as well, the prime minister has yet to find a way to start talks with the DPJ in order to maintain the rate the end of March, when current legislation ends. With public support for the cabinet plummeting, the Fukuda government now finds it difficult to take a hard-line stance or to be ready to dissolve the House of Representatives if need be. The government remains unable to move effectively.

"Hotline with Ozawa" cut off

Speaking before reporters at his official residence yesterday, Fukuda complained of the DPJ's stance, saying "Honestly speaking, I cannot see why it has taken such a stance. It rejected our nominations for the BOJ governor post. The party has also refused talks on budget-related bills. It is difficult to even get to talk with it."

The prime minister has long stressed a willingness to pursue a dialogue with the DPJ and had refrained from openly criticizing it. But recently he has not been able to hide his irritation at the DPJ.

Fukuda also lashed out at the DPJ's response to the issue of the provisional highway-related tax rates. National Governors' Association Chairman Wataru Aso and other representatives from local groups called on the prime minister at his official residence yesterday to ask the government to do its best to maintain the current tax rates. Fukuda told them: "Time is running out. With only this week to go, the other side has still refused talks. It is quite deplorable."

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According to his close aide, the prime minister intentionally refrained from criticizing the DPJ, based on the judgment that matters would not move forward smoothly without the understanding of the DPJ, as long as it controls the Upper House.

With this situation in mind, the prime minister has continued efforts since coming into office to grope for ways to join hands with DPJ President Ozawa, with an eye on a "grand alliance." Fukuda held three rounds of meetings with Ozawa late last October and in November, using former Prime Minister Mori and Yomiuri Shimbun Group President Tsuneo Watanabe as intermediary, but the grand coalition initiative fell through as a result of Ozawa encountering opposition from the DPJ executive.

Afterward, Ozawa disclosed the process that led to the realization of the party head talks, but the prime minister remained silent, just saying: "There is the need to keep faith with President Ozawa. It is impermissible for me to talk everything."

A senior government official explained how the prime minister was feeling at that time: "Mr. Ozawa lost his grip on the party and was unable to unify views in the party. But the prime minister, instead of resorting to a tough stance, patiently tried to maintain the relationship with Mr. Ozawa."

Difficult to dissolve Lower House, given low public support

The hotline with Ozawa seemed to work effectively to push ahead with the government's nomination for the BOJ governorship.

According to several ruling party members, Fukuda and Ozawa began to secretly meet last December. There was even a scene in which when

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Fukuda unofficially proposed nominating Deputy BOJ Governor Toshiro Muto for the governorship, he got a positive impression that Ozawa would accept.

But DPJ members were beset with doubts and fears about behind-the-scenes negotiations between Ozawa and Fukuda in the aftermath of the row in the party over Fukuda's grand coalition proposal. In late February, the ruling camp forcibly passed the budget bill through the House of Representatives. Set off by this event, the hotline between Fukuda and Ozawa was cut off.

When he dined with LDP Research Council Chairman Sadakazu Tanigaki and others on the night of March 19, Prime Minister Fukuda quoted a leading figure in the DPJ as saying: "The nomination of Mr. Muto is acceptable. I will take responsibility and persuade the four party executives to accept the plan." Although Fukuda did not mention who the leading figure was, he disclosed what was going on in backstage negotiations with the DPJ."

Following his grand coalition proposal having been rejected and the hotline with Ozawa having been cut off, the DPJ formally refused talks on revising the government's bill on the highway-related tax rates yesterday. The prime minister's relations with the DPJ are now in the worst state since he assumed office. Under the prime minister's envisioned strategy, he would manage to survive until the July Lake Toya Summit in Hokkaido while keeping a low profile by enacting the budget-related bills by the end of the fiscal year and putting forth the policy of protecting the environment and consumers, as well as foreign policy. But the DPJ's clarification of its intention to press the government to dissolve the Lower House

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prior to the end of the fiscal year has begun to upset that strategy.

The prime minister has "put the seal" on the possibility of dissolving the Lower House until after the G-8 Summit, but he does not have enough power to turn around the political situation on his own. Particularly, public support for his cabinet remains too low for him to do so. In addition, since the nation's economy is sluggish, the Fukuda administration cannot choose an option that might lead to depriving the ruling coalition of its two-thirds lower chamber overriding vote.

In a press conference yesterday, Chief Cabinet Secretary Machimura replied in a strong tone to a question about what measures he has in mind to break an impasse: "Besides talks, what measures are there? Is there some meaning in creating a political vacuum as a result of the Lower House being dissolved?"

(4) Poll: 50 PERCENT want Ishiba to prevent recurrence of Aegis accident instead of resigning

NIKKEI (Page 2) (Full)  
March 25, 2008

The Nihon Keizai Shimbun conducted a public opinion survey on Mar. 21-23, in which respondents were asked about Defense Minister Shigeru Ishiba's responsibility over the recent fatal collision of a

Maritime Self-Defense Force Aegis destroyer with a fishing boat. To this question, 50 PERCENT answered that Ishiba should hurry to work out recurrence prevention measures without resigning as defense minister, with 39 PERCENT saying he should resign after clearing up the cause of the accident, and 5 PERCENT saying he should resign at once.

Among those who support the ruling Liberal Democratic Party, 61 PERCENT urged Ishiba to work out recurrence prevention measures without resigning, with 31 PERCENT saying he should resign after clearing up the cause of the accident, and 3 PERCENT calling for his immediate resignation. Among those who support the leading opposition Democratic Party of Japan (Minshuto), 46 PERCENT answered that Ishiba should resign after clearing up the cause of the accident, with 8 PERCENT insisting on his immediate resignation, and 44 PERCENT saying he should work out recurrence prevention measures without resigning.

(5) Government to discuss operation of SOFA to share information on deserters

ASAHI (Page 4) (Full)  
March 25, 2008

The government decided yesterday to hold talks with Washington to improve the operation of the Japan-U.S. Status of Forces Agreement (SOFA) in a way allowing the two countries to share information on missing U.S. service members in Japan, including deserters. The decision follows the discovery of a credit card belonging to a U.S. sailor who went missing (in early March) in the taxi of a driver who was slain in Yokosuka, Kanagawa Prefecture.

Foreign Minister Masahiko Koumura said before the House of Councillors Budget Committee yesterday: "We would like to discuss with the U.S. side and relevant government agencies how information

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on missing U.S. service members should be shared."

Koumura was responding to a question from Keiichiro Asao of the Democratic Party of Japan.

According to the Foreign Ministry, the United States under the SOFA is not required to inform Japan of missing U.S. service members. The sailor, now in the custody of the U.S. Navy, went missing on March 18. The U.S. side declared him a deserter on March 10. The United States has not requested an investigation by Japan.

Under the SOFA, U.S. service members are exempt from passport-checks, visas, and alien registration requirements when entering Japan. The government has no information on U.S. service members who are missing from their bases in Japan. Given the situation, there has been an argument in the government that information on missing U.S. service members must be shared between Japan and the United States.

(6) Large blue coral colony found in planned relocation site for U.S. Futenma base

TOKYO SHIMBUN (Page 1) (Full)  
Eve., March 24, 2008

A joint survey by the World Wide Fund for Nature Japan (WWF Japan) and the Nature Conservation Society of Japan (NACS-J) confirmed that one of the largest blue coral colonies in the world exists in waters off Okinawa's Nago City, where an alternative facility for the U.S. military's Futenma Air Station is planned to be relocated.

EIA on the way

The two organizations assert that an urgent need at present is to preserve the waters that have some of the world's richest biodiversity, including dugongs, as the Ministry of Defense's (MOD) Defense Policy Bureau has now launched an environmental impact assessment (EIA) in the area.



The blue coral colony in the area was discovered some 400 meters off Teima Fishing Port in Oura Bay, Nago City, in last September. The colony lies on a slope extending from a depth of one meter to 20 meters.

Valuable assets should be conserved by political decision

Commentary by Toshiya Ura

The blue coral colony discovered off Nago City, Okinawa Prefecture, is one of the largest in the world. Nanzan University Prof. Shigekazu Mezaki, a councilor of the WWF Japan, notes: "I have never heard of this size colony on a seabed slope. The maximum height of the colony is 15 meters, five times as high as the colony found in the Shiraho waters around Ishigaki Island, previously said to be the world's largest. This colony is a valuable asset for the entire world and can help foster understanding of the progress of coral, which changes its form to adapt itself to the environment."

The discovered blue coral colony sits about 3 km northeast of the planned relocation site. The MOD's Okinawa Policy Bureau began an EIA on March 18 in preparation for the construction of an alternate facility. Reportedly, the U.S. military also has sought to construct

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a gun-loading ground and a 214-meter quay in addition to the previous plan.

Because the area is a major feeding ground for dugongs, there is concern that the dugongs may be driven to extinction with a change in the sea current stemming from the possible contamination of seawater because of a series of surveys and construction work.

Wilderness found on the east coast on the northern part of the main Okinawa island has remained the same as it was before the war. This area is indispensable for the future of Okinawa, a prefecture that relies on tourism. That wilderness is a valuable natural asset.

Permits and license rights regarding reclamation under the Law for Reclamation of Public Land lie with the governor. The ongoing EIA has not offered any opportunity for the environment minister to say anything about the EIA. But it is politicians who can take action to preserve some of the world's richest biodiversity before all is lost.

(7) Concern about weakening capital investment: Leading companies' business sentiment worsening; Some companies expect economy to pick up in summer or later

YOMIURI (Page 11) (Full)  
March 25, 2008

It has become clear through the results of an economic forecast survey conducted on companies, released yesterday by the Cabinet Office and the Finance Ministry, that the business sentiment of leading companies, which have led the economic recovery up until now, has significantly deteriorated. This is because the sharp rise in the prices of raw materials, such as crude oil and grain, and the slowdown of the U.S. economy, are having an adverse effect on their business confidence. There is concern that while the Japanese economy is in a temporary slump, the deteriorated business confidence will negatively affect the economy, such as by constraining capital investment.

Business confidence index marks record low of minus 9.3: Eight industries record positive figures

The business confidence index of leading companies (those capitalized at over 1 billion yen) is determined by subtracting the percentage of companies that say the economy is deteriorating from the percentage that say the economy is improving. This figure was minus 9.3 in a survey carried out in the January-March quarter, the lowest level since the surveys were started in the April-June quarter in 2004.

Among industries that showed a marked drop in business confidence were food manufacturers, which are suffering from high grain prices and a rise in transportation cost, down 29.2 percentage points, followed by the financial and insurance sectors, which are being buffeted by the U.S. subprime mortgage crisis, down 25.9 points, and information and communications equipment manufactures, which are suffering sluggish sales of cell-phone handsets, down 22.2 points.

Only 8 of 34 sectors, including the automobile, precision machinery, and advertising industries, were in positive territory.

Moves to cut back on capital investment

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In connection with the worsening business sentiment, companies have begun showing signs of cutting back on capital investment intended to increase production capacity.

Capital investment in fiscal 2007 is expected to show a slight increase of 0.6 PERCENT from fiscal 2006. However, plans for capital investment in fiscal 2008 are down 9.4 PERCENT from the previous year.

Many companies expect a significant decrease in capital investment, as can be seen in that food manufacturers expect a 30.9 PERCENT drop, the wholesale industry, which is expected to suffer a drop in U.S.-bound exports, projects a 38.9 PERCENT fall, and the restaurant and hotel industry, which is prone to being directly affected by sluggish consumption, expects a 50.8 PERCENT drop.

Further deterioration?

In the meantime, leading companies project that business sentiment will improve to negative 2.3 in the April-July quarter and positive 6.6 in the July-September quarter. Japan Business Federation (Nippon Keidanren) Chairman Fujio Mitarai told a news conference yesterday, "Major economic stimulus measures to be taken by the U.S. in May will produce results around early summer." He thus stressed his perception that if the U.S. economy takes an upward turn due to support from stimulus measures, the Japanese economy will return to a healthy speed.

However, the commotion in global financial markets stemming from the subprime mortgage crisis is still continuing. There are no indications of the situation improving. The survey this time was carried out on Feb. 25 and therefore does not include the impact of the strengthening yen and weakening dollar, two trends that have only progressed since then. Chances are that companies' business confidence regarding the domestic economy has further deteriorated.

SCHIEFFER